

Interstate Commerce Commission
Washington, D.C.

7269-D
RECORDATION NO. _____ Filed & Recorded

SEP 2 1974 4:02 PM

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, are the original and two counterparts of a First Amendment to Equipment Lease dated as of July 5, 1974.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedule 1 attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor Exchange National Bank of
 Chicago, as Trustee under
 B.C. Trust No. 73-1
 130 South LaSalle Street
 Chicago, Illinois 60690

Lessee British Columbia Railway
 1095 West Pender Street
 Vancouver, British Columbia

The undersigned is the Lessor mentioned in the enclosed document and has knowledge of the matters set forth therein.

The original Equipment Lease dated as of November 1, 1973 was filed for record in the Office of the Secretary of the Interstate Commerce Commission on December 12, 1973 at 5:00 P.M. and assigned Recordation No. 7269-A.

Please return the original First Amendment to Equipment Lease to Robert C. Nash, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$10.00 covering the required recording fee.

Very truly yours,

EXCHANGE NATIONAL BANK OF CHICAGO

By


Its

Vice President

Enclosures

(B.C. Trust No. 73-1)

and the Lessee are not able to agree upon an appraiser, or if the Fair Market Value is not so determined within 30 days after receipt by the Lessee of the Lessor's election to exercise any Sale Option provided for in this Section 20(a); the same shall be determined by American Appraisal Company.

If Lessor has exercised the Sale Option and the Fair Market Value is determined to be in excess of 15%, Lessee may, in lieu of the purchase under the Sale Option, elect by written notice to Lessor given within 15 days of notice of such determination of Fair Market Value to extend this Lease on such terms as are provided in the first paragraph of this Section 20(a).

(b) The Lessee shall have the further option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder for one additional renewal term of two years upon and subject to the terms and conditions herein contained for the original term of this Lease, excepting only that the rental rate for the semiannual Fixed Rental payable for and during such renewal term shall be an amount equal to thirty-three and one third percent (33-1/3%) of the average rental rate payable during the original term of this Lease. Such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice not less than 120 nor more than 180 days prior to the end of the then current renewal term of its election to exercise the renewal option provided for by this Section 20(b)."

7. By deleting Section 21.5 of the Lease, as executed.

8. By amending Schedule A-I to the Lease, as executed, to delete as the "Description of Equipment" Two Hundred (200) 52'8", 70-ton Bulkhead Flat Cars bearing Road Numbers in the series B.C.I.T. 16150 to 16700, both inclusive" and substitute therefor the Description of Equipment as follows:

"One Hundred Forty-Two (142) 52'8", 70-ton Bulkhead Flat Cars bearing Road Numbers B.C.I.T. 16338, 16346 to 16349, both inclusive, 16386, 16390, 16418 to 16422, both inclusive, 16425, 16431, 16433, 16434, 16440 to 16444, both inclusive, 16448, 16454 to 16463, both inclusive, 16466 to 16476, both inclusive, 16480 to 16482, both inclusive, 16485, 16487 to 16489, both inclusive, 16492, 16493, 16495, 16499 to 16502, both

inclusive, 16504, 16507, 16509, 16510, 16513, 16514, 16521, 16524 to 16526, both inclusive, 16550, 16553 to 16558, both inclusive, 16340, 16341, 16345, 16378, 16393 to 16400, both inclusive, 16402 to 16405, both inclusive, 16407 to 16409, both inclusive, 16412, 16415, 16417, 16428 to 16430, both inclusive, 16432, 16438, 16439, 16447, 16451, 16505, 16506, 16508, 16511, 16512, 16519, 16522, 16523, 16527, 16528, 16542 to 16545, both inclusive, 16547, 16551, 16564, 16570, 16582, 16653, 16659 to 16676, both inclusive."

9. By deleting Schedule A-II to the Lease, as executed.

10. By deleting Schedule C-I to the Lease, as executed, and substituting therefor Schedule C-I attached to this First Amendment to Equipment Lease.

11. By deleting Schedule C-II to the Lease, as executed.

Any and all notices, requests, certificates and other instruments executed and delivered after the execution of this Amendment may refer to the "Equipment Lease dated as of November 1, 1973" or to the "Lease dated as of November 1, 1973" without making specific reference to this Amendment, but nevertheless all such references shall be deemed to include this Amendment unless the context shall otherwise require.

This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Amendment.

Except to the extent hereby amended and modified, the Equipment Lease is in all respects ratified, confirmed and approved.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunder duly authorized and their corporate seals to be

7269-D

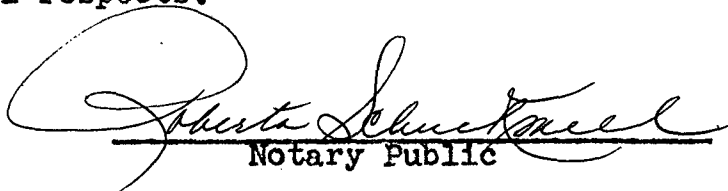
STATE OF ILLINOIS
COUNTY OF COOK

} SS

SEP 8 1974

INTERSTATE COMMERCE COMMISSION

As of this 17th day of September, 1974, the undersigned, ROBERTA SCHUCKMELL, a notary public in and for the State of Illinois, County of Cook, does hereby certify that the undersigned has compared the copy of the First Amendment to Equipment Lease dated as of July 5, 1974 attached hereto to the original First Amendment to Equipment Lease and does hereby further certify that the copy attached hereto is a true and correct copy of the original document in all respects.


Notary Public

(SEAL)

My commission expires:

MY COMMISSION EXPIRES JUNE 27, 1978

FIRST AMENDMENT TO EQUIPMENT LEASE

THIS FIRST AMENDMENT TO EQUIPMENT LEASE dated as of July 5, 1974 between EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of November 1, 1973 (the "Lessor"), and BRITISH COLUMBIA RAILWAY COMPANY, a corporation duly incorporated under the laws of the Province of British Columbia, Canada (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee have heretofore executed and delivered that certain Equipment Lease dated as of November 1, 1973 (the "Lease") providing for the lease thereunder by the Lessor to the Lessee of certain railroad equipment more fully described in Schedule A attached to said Lease; and

WHEREAS, the said Lease was filed for record in, among other places, the Office of the Secretary of the Interstate Commerce Commission on December 12, 1973 and has been assigned Recordation No. 7269-A and in the Office of the Registrar of Companies of the Province of British Columbia, Canada on December 20, 1973; and

WHEREAS, the Lessor and the Lessee desire to amend the Lease as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Lessor and the Lessee hereby covenant and agree that the Lease shall be deemed to be and it is hereby amended as follows:

1. Section 2.1 of the Lease shall be amended by changing the same to read in its entirety as follows:

"2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor in U.S. dollars the following Rent for each Item of Equipment leased hereunder:

(a) Interim Rental. For all Items of Equipment the following amounts:

(1) \$ 50,223.88 payable on
March 26, 1974 for the period prior to
February 28, 1974;

(ii) \$ 42,910.29 payable on May 16, 1974 for the period from and including March 1, 1974 to and including April 30, 1974;

(iii) \$ 49,067.46 payable on July 10, 1974 for the period from and including May 1, 1974 to and including June 30, 1974;

(iv) \$ 8,684.66 payable on August 1, 1974 for the period from and including July 1, 1974 to and including July 10, 1974, subject to adjustment in the amount by which interest payable on the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) for such period differs from \$5,255.18.

(v) An amount equal to the amount required to pay interest on the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) payable on August 15, 1974 for the period from and including July 11, 1974 to and including July 31, 1974.

It is understood and agreed by the Lessor, the Assignee of the Lessor pursuant to Section 16 hereof and the Lessee that from and after August 15, 1974 the obligation of the Lessee to pay Daily Interim Rental and Fixed Rental for the period prior to August 1, 1974 shall be deemed to have been satisfied by payment of the sums provided for in subsections (i), (ii), (iii), (iv) and (v) of Section 2.1(a) hereof.

(b) Fixed Rental. For all Items of Equipment an amount equal to the sum of the amount required to service and amortize the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) payable by the Lessor pursuant to Section 3.2(b) of the Conditional Sale Agreement plus an amount equal to 0.4383 % of the Purchase Price of each Item of Equipment."

2. Section 2.2 of the Lease shall be amended by changing the same to read in its entirety as follows:

"2.2 Rental Payment Dates. The amounts of Daily Interim Rental for all Items of Equipment shall be due and payable on the dates provided in Section 2.1(a) hereof. The installments of Fixed Rental for all Items of Equipment as to (i) all amounts other than that portion of the Fixed Rentals equal to interest on the Conditional Sale Indebtedness shall be due and payable on the thirty-first day of January and July in each year commencing January 31, 1975 to and including July 31, 1992; (ii) that portion of Fixed Rentals equal to interest on the Conditional Sale Indebtedness for each calendar month commencing August 1, 1974 and for each month thereafter shall be due and payable on the ~~last~~ ^{FIFTH} day of each month commencing September 5, 1974 to and including August 5, 1992."

3. Section 3 of the Lease shall be amended by changing the date "July 1, 1992" appearing therein to "July 31, 1992."

4. Section 6.3 of the Lease shall be amended by changing the same to read in its entirety as follows:

"6.3. Foreign Source Income. (a) If, for any taxable year of Trustor ending as of December 31, 1978, or prior thereto, it is determined that the Foreign Tax Credit under Section 901 of the Code is lost, disallowed or not available to be claimed by Trustor, MB

(i) due to any act or omission of the Lessee, or

(ii) due to the use or omission to use the Equipment leased hereunder,

and a Final Determination is made that more than 30% of the taxable income derived by Lessor from the rents payable under the Lease for use of the Equipment and Lessor's beneficial ownership of such equipment is taxable income from sources without the United States under Section 862 of the Code, then Lessee shall pay Lessor a sum computed in accordance with Section 6.3(b) hereof.

A Final Determination is defined for purposes of this Section 6.3 to be; (a) that statement which Lessee is required to send to Lessor under the second paragraph to Section 12.1 of this Lease wherein it is stated that use of the Equipment in Canada exceeds 30%; or (b) in the event there is an assertion by the Internal Revenue Service through an Issue Memorandum or Revenue Agent's Report that more than 30% of the taxable income derived by Lessor from the rents payable hereunder is taxable income from sources without the United States there is a determination as defined by Section 1313(a) of the Code.

In the Event the Internal Revenue Service asserts that more than 30% of the taxable income derived by Lessor from the rent payable hereunder is taxable income from sources without the United States, the Lessor will exercise good faith in defending against such assertion and Lessee shall be entitled to cooperate in such defense at its expense.

(b) The liquidated damages attributable to any Final Determination provided for in Subsection (a) hereof shall be an amount equal to the interest at 15% per annum computed on the foreign tax credit equal to the sum of:

(1) That portion of the credit under Section 901 of the Code for foreign taxes paid or accrued against taxes imposed by the Code ("foreign tax credit") which is lost, disallowed, or not available to be claimed by Trustor or an affiliated group of which the Trustor joins in the filing of a consolidated Federal income tax return determined by subtracting (B) from (A):

(A) The foreign tax credit which would be available to be claimed on the basis that thirty percent (30%) of the taxable income generated by the beneficial ownership of the Equipment and the Rents payable under this Lease is from sources without the United States under Section 862 of the Code.

(B) The foreign tax credit available to be claimed as a result of more than thirty percent (30%) of the taxable income generated by the beneficial ownership of the Equipment and the Rents payable under this Lease as from sources without the United States under Section 862 of the Code;

for the period from the date the tax benefit to be derived from the foreign tax credit would have been available to the Trustor if the usage of the Equipment in Canada had not exceeded 30% to the date the tax benefit from the foreign tax credit is ultimately available to the Trustor and in the event the foreign tax credit is permanently lost, or not available for credit to the Trustor then Lessee in addition to the payment of the interest as computed above will pay to the Trustor an amount equal to the sum of Subsection (b)(1)(A) above less (b)(1)(B) above.

In addition to the above Lessee will pay to Trustor interest at 15% per annum on any investment tax credit required to be carried forward as a direct result of the carryback of foreign tax credit determined under Subsection (b)(1)(A) and (b)(1)(B) above. Such interest shall be computed from the date the investment tax credit would have been available to the Trustor except for the foreign tax credit carryback to the date the tax benefit is ultimately available to the Trustor.

(2) The tax equivalent with respect to receipt of interest under Section 6.3(b)(1) above or foreign tax credit permanently lost or not available for credit as determined under Section 6.3(b)(1) above. Such tax

equivalent shall be determined by dividing the amount for which the Final Determination is made by that percentage which is the difference between (A) one hundred percent and (B) the highest effective Federal income tax and/or excess profits tax rate generally applicable to domestic corporations for the taxable year of the Lessor in which such Final Determination is made. (The determination under the preceding sentence is called herein the "Tax Equivalent"); plus,

(3) The amount of any Federal tax deficiency interest applicable to such Final Determination which is required to be paid by the Lessor.

6. Section 6.4(b) of the Lease shall be amended by changing the date "July 1, 1974" wherever it appears therein to "November 1, 1974" and by changing the reference to "Schedule C" in subsection (1) of Section 6.4(b) to "Schedule C-I".

7. Section 6.4 of the Lease shall be amended by adding new subsections (g) and (h) thereto to read respectively as follows:

(g) In the event the long-term financing in accordance with the Conditional Sale Agreement is not placed with an investor(s) other than the Lessee by June 27, 1975 Trustor shall notify the Internal Revenue Service in writing on or before September 30, 1975, and if any placement of the long-term financing with Lessee causes any rulings issued by the Internal Revenue Service with respect to this Lease and related transactions to be revoked subsequent to reasonable effort having been made by Messrs. Pedersen & Houpt or Trustor to maintain the tax rulings as originally issued or to obtain an amended favorable tax ruling, or rulings, satisfactory to Trustor, then Lessee unconditionally and irrevocably agrees to elect either one of the following:

1. To purchase all of the Trustor's right, title and interest in and to the Trust Estate, the Trust Agreement and the Conditional Sale Agreement at a price computed as an amount equal to the Casualty Value (defined in Section 11.6 hereof) as of the next succeeding due date for an installment of Fixed Rent following receipt by Lessee of the revocation of the originally issued tax ruling(s) as provided in Schedule C-I less the amount of the debt secured by the Conditional Sale Agreement accrued to the date of such payment; or

2. Continue to lease all of the Equipment over the remaining term of the Lease and agree to an adjustment in the semiannual rentals which will provide to the Trustor the after-tax rate of return on its investment in the Equipment which would have been available to the Trustor had said Trustor been entitled to all of the tax perquisites (investment tax credit, depreciation deductions, interest deductions) available under and covered by the tax rulings as originally issued and subsequently revoked.

all provided, however, that no "event of Default" (as defined in Section 14 of this Lease) has occurred and is continuing at the time of Lessee's receipt of notice of revocation of the tax rulings, and the Lessee shall have discharged, or made provision satisfactory to Trustor for the discharge of all obligations of Lessee accruing under this Lease and the Finance Agreement including, without limitation, payment of rental to the date of termination of this Lease.

In the event Lessor or Trustor and Lessee are unable to agree (i) on changes in the transaction required to obtain an amended favorable ruling that this transaction constitutes a lease or (ii) on any corresponding adjustment in the rental rate within 45 days after receipt of notice that the prior issued rulings have been revoked necessary to preserve Lessor's and/or Trustor's expected rate of return on the investment, then Lessee must terminate the Lease and proceed as provided in Section 6.4(g)(1) hereof.

In the event the Lessee elects to come within Section 6.4(g)(2) hereof, the rentals so paid which are in excess of the rentals as originally scheduled shall be deposited in escrow with Lessor to be held by Lessor until such time as there is a Final Determination that the tax benefits specified in Section 6.2 for the benefit of Lessor and/or Trustor are not available. Upon such a determination, the rentals shall be recomputed in a manner provided in Section 6.2 and the sums due and owing to Lessor and/or Trustor shall be paid to Lessor and any excess shall be returned to Lessee. If the escrowed funds are insufficient, Lessee shall upon demand, pay the balance to Lessor. Lessor shall at the direction of the Lessee invest the sums so paid into escrow in securities as may be designated by Lessee; however, such securities shall either be direct obligations of the United States of America or obligations for which the faith of the United States of America is pledged to provide for the payment of principal and interest, maturing not more than one year from the date of such investment; or certificates of deposit of commercial

banks in the United States of America with capital and surplus of \$50,000,000; or such securities shall have a rating of "A" or better by a recognized rating service; or shall be prime commercial paper. Lessee shall take the risk of loss with respect to any such investment. In the event of any net loss (realized or unrealized) determined by taking into account all other realized income from such investment on demand Lessee shall reimburse Lessor to the extent of such loss immediately upon Lessor's demand. Lessee shall pay all of Lessor's reasonable expenses in connection with such investments. If the statute of limitations has run against the Internal Revenue Service on claims for particular years in which claims for tax benefits have been made as required under Section 6.2 of this Lease, and no claim is made by the Internal Revenue Service through the issuance of a Revenue Agent's Report or Issue Memorandum with respect to the disallowance of the tax benefits so claimed or a part not claimed is returned, Lessor shall refund to Lessee that portion of the escrowed amounts relating to the tax benefits so claimed.

For purposes of this Section 6.4(g) "revoked" or "revocation" is defined to include any amendment by the Internal Revenue Service to the tax rulings as originally issued adverse to the Trustor or Lessor and any adverse ruling(s) issued by the Internal Revenue Service with respect to this Equipment Lease and related documents.

(h) In the event the Lessee shall be required, pursuant to the terms of Section 8 of the Finance Agreement, to purchase the indebtedness secured by the Conditional Sale Agreement, the Lessee shall have the right and option to purchase all of the Lessor's right, title and interest in and to the Trust Estate, the Trust Agreement and the Conditional Sale Agreement at a price computed at an amount equal to the Casualty Value as provided in Schedule C-1 as of the next succeeding due date for an installment of Fixed Rent following receipt by Trustor of Lessee's notice of its intention to exercise such option."

8. Section 10.2 of the Lease shall be amended by changing the same to read in its entirety as follows:

"10.2. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts, taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any tax measured by the Lessor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes measured by such net income, excepting any such tax imposed by the Dominion or any Province of Canada, provided that the Lessee agrees to pay that portion of any such tax on or measured by rentals payable hereunder or the net income therefrom which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal, Canadian or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor or the Lessee; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) subject to Section 10.2(i) hereof, as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee. Notwithstanding the foregoing the Lessee shall not be required to pay and discharge any taxes imposed by reason of Lessor's acquisition of this Lease by reason of Section 4911 et seq. of the Code.

9. The last paragraph of Section 12.1 of the Lease shall be amended by changing the same to read in its entirety as follows:

"On or before May 1 in each year, commencing with the year 1975 the Lessee shall furnish in writing to the Lessor a statement signed by a senior officer of the Lessee setting forth the percentage of use in Canada of the Equipment leased hereunder."

10. Sections 20(a) and (b) of the Lease shall be amended by changing the same to read in their entirety as follows:

"(a) At the expiration of the original term of this Lease, the Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder for one additional renewal term of five years upon and subject to the terms and conditions herein contained for the original term of this Lease, excepting only that the rental rate for the semiannual Fixed Rental payable for and during such renewal terms shall be an amount equal to fifty percent (50%) of the average rental rate payable during the original term of this Lease. Such renewal term shall commence immediately upon the expiration of the original term. The Lessee shall give the Lessor written notice not less than 120 nor more than 180 days prior to the end of the original term of its election to exercise the renewal option provided for by this Section 20(a).

In the event that the Lessee does not exercise its renewal option herein contained, the Lessor may by written notice delivered to the Lessee not less than 90 days prior to the end of the original term of this Lease require the Lessee to purchase at the end of the original term of this Lease all but not fewer than all the Items then subject to this Lease (the "Sale Option") for a purchase price equal to the greater of (a) 15% of the purchase price of the Equipment, or (b) Fair Market Value as hereinafter defined.

The Fair Market Value shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessee of the notice of the Lessor's election to exercise the Sale Option, the Fair Market Value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the Fair Market Value is not so determined within 30 days after receipt by the Lessee of the Lessor's election to exercise any Sale Option provided for in this Section 20(a), the same shall be determined by American Appraisal Company.

If Lessor has exercised the Sale Option and the Fair Market Value is determined to be in excess of 15%, Lessee may, in lieu of the purchase under the Sale Option, elect by written notice to Lessor given within 15 days of notice of such determination of Fair Market Value to extend this Lease on such terms as are provided in the first paragraph of this Section 20(a).

(b) The Lessee shall have the further option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder for one additional renewal term of two years upon and subject to the terms and conditions herein contained for the original term of this Lease, excepting only that the rental rate for the semiannual Fixed Rental payable for and during such renewal term shall be an amount equal to thirty-three and one third percent (33-1/3%) of the average rental rate payable during the original term of this Lease. Such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice not less than 120 nor more than 180 days prior to the end of the then current renewal term of its election to exercise the renewal option provided for by this Section 20(b)."

11. Section 21.5 of the Lease shall be amended by changing the date "July 1, 1974" appearing therein to "July 31, 1974."

12. By adding a new Section 22 to the Lease to read in its entirety as follows:

"Section 22. Options to Purchase.

(a) Canadian Withholding Tax Purchase Option.
The full amount of the rentals payable hereunder shall be paid to Lessor and no deductions shall be made therefrom for any Canadian withholding taxes; which such Canadian withholding taxes, if payable, shall be paid solely by Lessee. Provided that no Event of Default (or no Event of Default which with the lapse of time or giving of notice would constitute an Event of Default) has occurred and is continuing, and in the event any Canadian withholding tax is imposed on any rentals paid or payable hereunder, the Lessee shall have the right and option to purchase all of the Trustor's right, title and interest in and to the Trust Estate, the Trust Agreement and the Conditional Sale Agreement at a price computed as an amount equal to the Casualty Value as provided in Schedule C-1 less the amount of the debt secured by the Conditional Sale Agreement accrued to the date of such payment ~~and less \$25,000~~ (and in the event of such termination, Lessee shall pay rental to the date of such termination)."

(b) Option to Purchase During Lease Term. Provided that no Event of Default (or no event of default which with the lapse of time or giving of notice would constitute an Event of Default) has occurred and is continuing, the Lessee shall have the right and option exercisable at any time upon 30 days written notice to Trustor to purchase all of the Trustor's right, title and interest in and to the Trust Estate, the Trust Agreement and the Conditional Sale Agreement at a price equal to the greater of the "Fair Market Value" of the Equipment or the amount equal to the Casualty Value as provided in Schedule C-1 hereto, less the amount of the debt secured by the Conditional Sale Agreement.

The "Fair Market Value" shall be determined by mutual agreement of the Trustor and the Lessee, but if they are unable to agree upon the "Fair Market Value" of the Equipment within 30 days after receipt of notice by Trustor of Lessee's election to exercise the purchase option herein provided, then the "Fair Market Value" shall be determined in the manner provided in Section 20(c) hereof for determining "Fair Rental Value."

13. Schedules A-I and A-II attached as Schedules A-1 and A-II to this First Amendment to Equipment Lease shall be substituted for Schedules A-1 and A-II attached to the Lease as originally executed.

14. Schedules C-1 and C-11 attached to Equipment Lease as executed are hereby deleted and the attached Schedules C-1 and C-11 are substituted therefore.

Any and all notices, requests, certificates and other instruments executed and delivered after the execution of this Amendment may refer to the "Equipment Lease dated as of January 1, 1974" or to the "Lease dated as of January 1, 1974" without making specific reference to this Amendment, but nevertheless all such references shall be deemed to include this Amendment unless the context shall otherwise require.

This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Amendment.

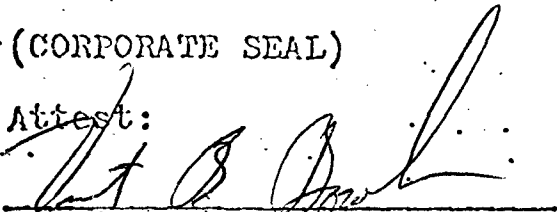
Except to the extent hereby amended and modified, the Equipment Lease is in all respects ratified, confirmed and approved.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

EXCHANGE NATIONAL BANK OF CHICAGO,
as Trustee under a Trust Agreement
dated as of December 1, 1973

(CORPORATE SEAL)

Attest:


Secretary

Assistant Trust Officer

By

Its


Vice President

LESSOR

BRITISH COLUMBIA RAILWAY COMPANY

By

Its


LESSEE

STATE OF ILLINOIS }
COUNTY OF COOK } SS.

On this 20 day of August, 1974, before me personally appeared MICHAEL D. GOODMAN, to me personally known, who being by me duly sworn, says that he is a Vice President of Exchange National Bank of Chicago, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Steven L. Waskard
Notary Public

(Seal)

My Commission Expires: July 20, 1978

PROVINCE OF BRITISH }
COLUMBIA, CANADA } SS.

On this 15th day of August, 1974, before me personally appeared Robert D. Miller to me personally known, who, being by me duly sworn, says that he is the Controller of British Columbia Railway Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and a deed of said corporation.

George T. Hannah
A Notary Public in and for
the Province of British Columbia

BRITISH COLUMBIA RAILWAY

SCHEDULE OF CASUALTY VALUE (assuming availability of Investment Tax Credit)

The Casualty Value of an Item of Equipment payable on any rental payment date shall mean an amount equal to the per cent of total cost to the Lessor of such Item, including all taxes and delivery charges, set forth opposite such Rental Payment Date in the following schedule:

<u>Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)</u>	<u>Percentage of Total Cost Payable As Casualty Value</u>
January 31, 1975.....	109.85
July 31, 1975.....	109.77
January 31, 1976.....	109.46
July 31, 1976.....	108.96
January 31, 1977.....	108.25
July 31, 1977.....	102.87
January 31, 1978.....	101.79
July 31, 1978.....	100.53
January 31, 1979.....	99.08
July 31, 1979.....	92.96
January 31, 1980.....	91.17
July 31, 1980.....	89.26
January 31, 1981.....	87.23
July 31, 1981.....	80.61
January 31, 1982.....	78.37
July 31, 1982.....	76.03
January 31, 1983.....	73.59
July 31, 1983.....	71.06
January 31, 1984.....	68.43
July 31, 1984.....	65.75
January 31, 1985.....	63.00
July 31, 1985.....	60.19
January 31, 1986.....	57.33
July 31, 1986.....	54.40
January 31, 1987.....	51.41
July 31, 1987.....	48.35
January 31, 1988.....	45.23
July 31, 1988.....	42.04
January 31, 1989.....	38.78
July 31, 1989.....	35.45
January 31, 1990.....	32.05
July 31, 1990.....	28.58
January 31, 1991.....	25.03
July 31, 1991.....	21.40
January 31, 1992.....	17.72
July 31, 1992 and thereafter.....	15.00

SCHEDULE C-1

(to the Equipment Lease)